



# Linn County Assessor 2023 Assessment Overview

Deedholder  
House Address  
City, State Zip

From the Linn County Assessor Jerry Witt

Feb. 1, 2023

## Linn County Assessment Values on the Rise

The 2023 assessments will be mailed in the next couple of months. Almost all residential properties will see large increases in value. These increases represent the market change since Jan 1, 2021, which means it is over a two year period. The market change is calculated using transactions made by buyers and sellers.

The 2023 average increase in valuation for residential property throughout the state is estimated to be around 22%. This increase will vary by market. The market could be your county, city, township, or neighborhood. In Linn County, some areas could see increases up to 40%. This is a national trend that has been happening over the last three years.

The market is determined by what buyers are paying for houses. New construction or major remodeling on individual properties will affect the percentage of change differently than market indicated adjustments. For instance, if you added a new two-stall garage, your percentage of increase in assessed value will be higher than your neighbor that did not add anything new.

**Will your taxes increase by the same percentage the assessment increased? No, they will not.**

The main ingredients for calculating your tax bill are the **assessed value**, **assessment limitation**, and **levy rates**. Your **assessed value** will be mailed to you in the next couple of months and reflects the market value based on sales that occurred in 2022. The next ingredient is the **assessment limitation**, formerly known as the rollback, which was implemented by the state legislature in the late 1970s to counter inflation. This figure is calculated by the Iowa Department of Revenue. The figure for the 2023 assessment year will be known in November. The last part is the **levy rate**. Each taxing body determines their budget and this is divided by the total taxable value in their jurisdiction. The result is their levy rate. The levies of all your taxing bodies (main ones being county, city/township, school district, assessor, and community college) are added together to create your consolidated levy rate. This will be determined in March 2024. Here are some examples to show how these work to create your tax bill:

Table 1

2021 RESIDENTIAL ASSESSMENT YEAR	
	\$200,000 ASSESSED VALUE
X	<u>0.541302</u> ASSESSMENT LIMITATION
	\$108,260 TAXABLE VALUE
X	<u>0.04</u> LEVY RATES
	\$4,330 TAX BILL

This example creates the base tax bill that assessors work from. Assessed value times the assessment limitation equals the taxable value. The taxable value times the consolidated levy rate equals the tax bill.

The following examples show the percent of change from the previous year in the right column.

The next example is for the following year.

Table 2			
2022 RESIDENTIAL ASSESSMENT YEAR			
			% Change
	\$200,000	ASSESSED VALUE	0%
X	<u>0.564919</u>	ASSESSMENT LIMITATION	+4%
	\$112,984	TAXABLE VALUE	+4%
X	<u>0.04</u>	LEVY RATES	0%
	\$4,519	TAX BILL	+4%

2022 was an even year and there was no change in assessed value. The assessment limitation increased to allow a 3% increase in residential valuation throughout the state. The assessment limitation is more than 3% for 2022, due to adding multi-residential properties to the residential classification for the 2022 assessment year. This may be corrected by the legislature to keep it at 3% for 2022. The taxable value has the same increase as the assessment limitation. If the levy rate stays the same, the tax bill will increase by the same amount as the taxable value.

The next two examples will show a large increase in the assessed value. One will show what happens when the levy rate stays the same and one when it does not.

Table 3			
2023 RESIDENTIAL ASSESSMENT YEAR			
			% Change
	\$280,000	ASSESSED VALUE	+40%
X	<u>0.477</u>	ASSESSMENT LIMITATION	-16%
	\$133,560	TAXABLE VALUE	+18%
X	<u>0.04</u>	LEVY RATES	0%
	\$5,342	TAX BILL	+18%

Table 3 is showing a 40% increase in the assessed value. The assessment limitation drops 16% to only allow a 3% increase in the overall residential valuation from the previous year. This gives an 18% increase to the taxable value. It is higher than the 3%, because the 40% increase is much higher than the state average of 22%. If the levy rate stays the same as the previous year, this will result in an 18% increase in taxes.

Table 4			
2023 RESIDENTIAL ASSESSMENT YEAR			
			% Change
	\$280,000	ASSESSED VALUE	+40%
X	<u>0.477</u>	ASSESSMENT LIMITATION	-16%
	\$133,560	TAXABLE VALUE	+18%
X	<u>0.036</u>	LEVY RATES	-10%
	\$4,808	TAX BILL	+6%

This last example shows the same scenario as before, but the levy rate drops 10%. If this happens the tax bill will increase only 6% instead of 18%.

Iowa code states that residential property must be valued at market value in odd numbered years. This will be happening throughout the state for 2023. If an assessor does not increase values and the data shows that they should have, the Iowa Department of Revenue will increase them in the fall of 2023. Based on sales of properties throughout Linn County in 2022, we know how much we need to increase values and what areas need larger increases than others to stay at market values. If the Iowa Department of Revenue increases the values instead of the assessor, all areas receive the same adjustment up. This is not fair to those areas that did not need that high of an increase. It would also lead to a much higher increase in the future to those that need a higher increase.

The assessment limitation is a calculation that will keep residential taxable value growth to a 3% increase on a statewide level. This 3% does not apply to individual properties, specific areas, towns, or individual counties. If the average increase in valuation is 22% throughout the state and an individual property increased higher than the 22%, it will have a taxable value increase of more than 3%.

The levy rate is the final piece that will determine your tax bill. If there is an increase in taxable value for a taxing body due to revaluation, and the levy rate stays the same, there will be an increase in taxes to that taxing body. If there is a large increase in taxable value for a taxing body and the levy rate decreases, this could still result in an increase in your tax bill, but at a lesser amount.

If you have any further questions about how your tax bill is calculated feel free to contact our office.

**Linn County Assessor**  
**Assessor.Account@LinnCountyIowa.gov**  
**319-892-5220**

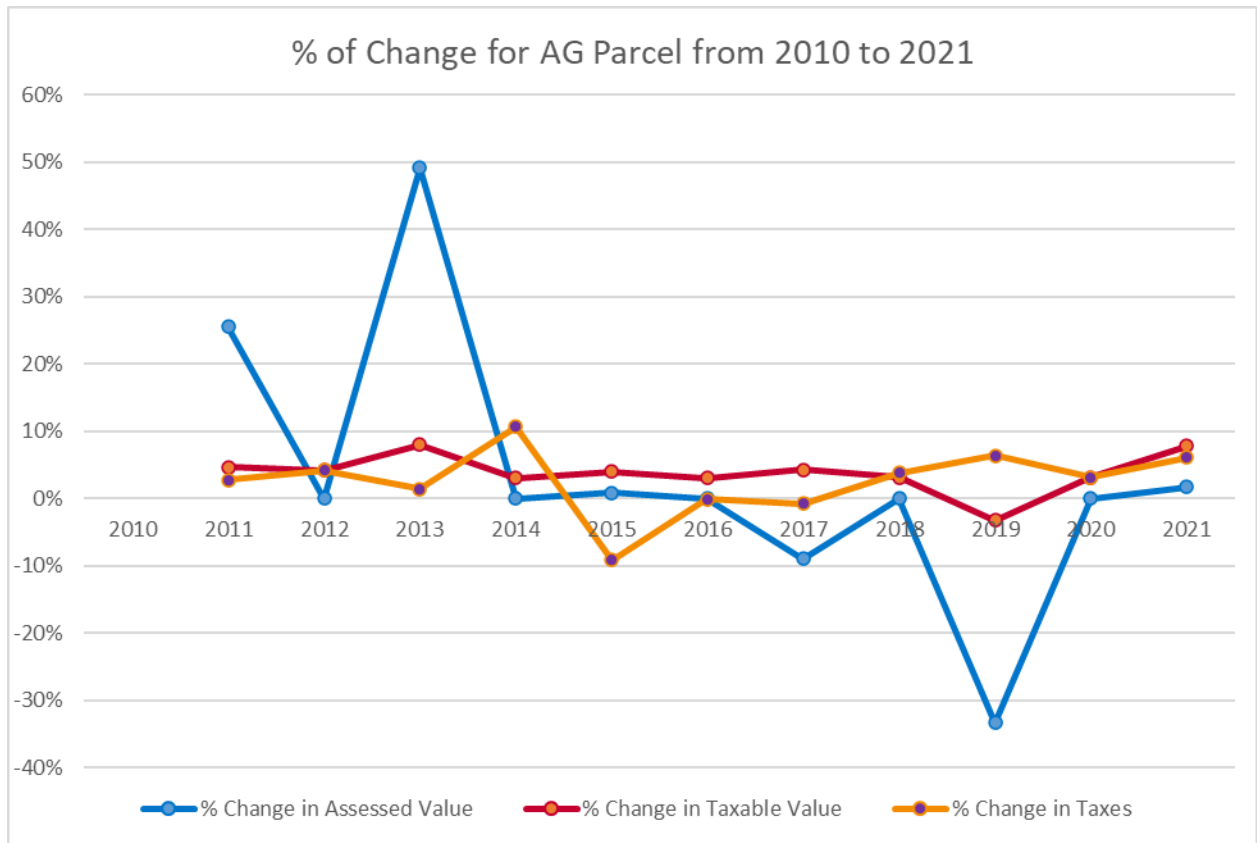
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## Historical Example of Relationship Between Assessed Value, Taxable Value, and Taxes

The previous examples included hypothetical data. The following example will show an actual parcel with historical data. The agricultural class has seen a large increase and a large decrease in valuation in the last 12 years. The assessment limitation works the same for the agricultural class as it does the residential class, so this will be a great example.

We have explained what we expect to happen, now let's look at what has happened in the past. The assessment limitation has worked as intended with agricultural properties and should do the same for residential this year. The chart on the next page shows the percent changes in assessed value, taxable value, and taxes from 2010 to 2021. A parcel was randomly chosen that was a vacant agricultural property near 40 acres in size and had an average Corn Suitability Rating (CSR2) near 76, which is the average in Linn County. The corn suitability rating is a measure of how well the soil can grow corn. 100 is the highest rating for very productive land and 5 is the lowest which is not very productive.

Chart 1



Looking at the year 2013, you can see a 49% increase in assessed value, 8% increase in taxable value, and a 1% increase in taxes. At the other extreme, look at the year 2019. The assessed value decreased 33%, the taxable value decreased 3%, and the taxes increased 6%. The percent of change in the assessed value line shows the most volatility. The assessment limitation when applied to the assessed value has a calming effect on the percent of change in the taxable value. It is also the line with the most consistency. The percent of change in the taxes is very similar to the change in taxable value line. This should be a good indicator of what will happen with the residential taxes payable on the 2023 assessment that is payable in September 2024 and March 2025.



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